

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION AND NOTICE OF CAMPBELL)	
COUNTY KENTUCKY WATER DISTRICT TO ADJUST)	CASE NO. 91-039
RATES EFFECTIVE MAY 1, 1991)	

O R D E R

IT IS ORDERED that Campbell County Kentucky Water District ("Campbell District") shall file the original and 12 copies of the following information with the Commission no later than May 20, 1991, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. State whether all facilities for which Campbell District seeks depreciation expense are now in service. If any of these facilities have not yet been placed in service, identify that

facility and state the expected date when it will be placed in service.

2. State whether all facilities for which a Certificate of Public Convenience and Necessity was granted in Case No. 89-029¹ are currently in service. If all facilities are currently in service, state the date when Campbell District placed the last facility into service.

3. Describe the pump station problems which limited Campbell District's ability to take water from Kenton County Water District No. 1 ("Kenton District") during the test year. State the date when these problems developed and when they were corrected.

4. If pumping problems had not developed, state the amount of water which Campbell District intended to purchase from Kenton District.

5. Provide all documents (i.e., anything on or in which any information is fixed and can be perceived, reproduced, or otherwise communicated with or without the aid of any machine or device and regardless of the medium of expression in which information is fixed) which relate to Campbell District's plans for water purchases during the test period.

¹ Case No. 89-029, Application and Notice of Campbell County Kentucky Water District (A) To Issue Revenue Bonds in the Approximate Principal Amount of \$5,535,000 (B) To Construct Additional Plant Facilities of Approximately \$4,523,000 (C) Notice of Adjustment of Rates Effective May 1, 1989 (D) Submission of Long Term Water Supply Contract.

6. State the total level of expenses incurred to date by Campbell District which are related to Case No. 90-020.² List each expense and provide a supporting invoice.

7. Describe Campbell District's efforts to explore a possible merger with other water districts or water systems. List the date of any discussion with officials of other water systems concerning such merger. Identify all persons involved in such discussions.

8. Provide all documents created on or after January 31, 1990 which relate to who should supply water to Campbell District.

9. Provide all documents created on or after January 31, 1990 which contain, state, or reference discussions between Campbell District and any water supplier regarding the supply of water to Campbell District.

10. State whether Campbell District has negotiated with the city of Newport ("Newport") for a long-term water supply contract since January 31, 1990. If negotiations have occurred,

- a. state the date of each negotiating session;
- b. identify all persons attending such negotiations and whom they represent;
- c. summarize each negotiating session;
- d. provide all documents which relate to or reference these negotiations.

² Case No. 90-020, Investigation Into the Feasibility of Merging Kenton County Water District No. 1, Campbell County Kentucky Water District, and Boone County Water and Sewer District.

11. Refer to Exhibit E, Schedule 3, Item 2.1, of Campbell District's application.

a. Provide all documents which refer to or authorize a wage increase of 2 percent for Campbell District employees.

b. State whether all Campbell District employees received a 2 percent wage increase.

c. If some Campbell District employees did not receive a wage increase of 2 percent, explain why.

d. State whether wage and salary increases are based on a merit system. If a merit system is used, describe how this system works.

e. State whether all Campbell District employees received any increase in wages or salaries during the test year.

f. State the date the 2 percent wage and salary increase became effective.

g. Explain why Campbell District's executive officers were given a 5 percent increase in 1990.

h. State the expected level of increase in 1991 in the salaries of Campbell District's executive officers.

12. Refer to Exhibit E, Schedule 3, Item 2.2, of Campbell District's application.

a. Explain the increase in employer pension contribution of \$90,883 over the test-year cost of \$29,507.

b. Identify which Campbell District employees are covered by the County Employee's Retirement System ("CERS").

c. Identify which Campbell District employees are not covered by the CERS. Explain why each employee is not covered.

d. Note 11 of Campbell District's 1990 Financial Statement indicates that Campbell District's contribution to CERS is based upon an "employee's total compensation subject to contribution." Explain how the amount of "compensation subject to contribution" is determined.

e. State whether Campbell District must continue to make payments to its previous pension system. If such payments must continue to be made, explain why and how the amount of these payments are calculated.

f. State whether Campbell District's current contribution rate to CERS is 7.67 percent.

g. Provide all documents, including any agreements, which relate to Campbell District's entry into CERS.

h. Describe all requirements which CERS imposes upon Campbell District.

i. Provide supporting calculations for the \$75,000 entry marked "Past Pension Contribution."

13. Refer to Exhibit E, Schedule 3, Item 4, of Campbell District's application.

a. Provide all documents relating to the increase in Campbell District's monthly medical insurance premiums for 1991.

b. State whether all Campbell District employees are covered under this insurance program.

c. If any Campbell District employees are not covered under this insurance program, identify these employees and explain the reason for the lack of coverage.

d. State whether all Campbell District employees receive the same medical insurance coverage.

e. If Campbell District provides different medical insurance coverages, list all available health insurance plans and the Campbell District employees covered by each plan.

14. Refer to Exhibit E, Schedule 4, Item 2.2, of Campbell District's application.

a. Provide all documents relating to the annual amortization of the retirement of the water storage tank.

b. Show all calculations used to obtain the annual amortization of the retirement of the water storage tank.

15. Refer to Exhibit E, Schedule 5, Item 2, of Campbell District's application.

a. Provide a detailed breakdown of miscellaneous income.

b. Provide a detailed breakdown of merchandising and jobbing income.

c. State whether income amounts reflected in Schedule 5, Item 2, are expected to remain at approximately the same level for the near future. Explain.

16. Provide a schedule showing the sources and amounts of all interest income for the test-year period. State whether each source is restricted. If a source is restricted, state the fund's restricted use.

17. At page 2 of its application, Campbell District states that the proposed increase in revenues from water sales is \$533,500. In Exhibit E of its application, Campbell District's

proposed increase is reflected as \$689,477. Explain the apparent discrepancy.

18. Provide a summary of all activity in the Silver Grove escrow account during the test year.

19. Refer to Prefiled Testimony of Ronald Barrow, Question 6.

a. Mr. Barrow refers to "peaks and valleys" which occurred in the test year. Identify each account in which variances occurred and the period in which these variances occurred. State the reason for each variance.

b. State what corrections were made to the December 31, 1990 year end totals. Explain why each correction was made.

20. Refer to Prefiled Testimony of Roger Peterman, Question 9.

a. State when the financial analysis which determined that "revenues fell slightly below the required amount for the test period" was conducted.

b. Identify who performed the financial analysis to which Mr. Peterman refers.

c. Provide a copy of the financial analysis to which Mr. Peterman refers.

21. Explain why the bonds approved in Case No. 89-029 were not issued shortly following the Commission's grant of approval on January 31, 1990.

22. Describe the current status of the merger study which Campbell County Judge/Executive Ken Paul and Kenton County Judge/Executive Clyde Middleton agreed in October 1990 to conduct.

Provide in this description the goals and objectives of the proposed study, the names of all participating utilities (public and municipal), and the current status of efforts to fund this study.

23. State the rate which Campbell District is currently paying for water purchased from Newport. If this rate is less than \$.65 per 1,000 gallons, explain why Campbell District sought a purchased water adjustment in November 1990 to reflect a purchased water cost of \$.65 per 1,000 gallons.

24. State when Campbell District assumed direct control of the water distribution system owned by the city of Crestview ("Crestview").

25. State when Campbell District began directly billing Crestview's customers for water service.

26. Provide a schedule which compares water line loss for Campbell District and Crestview for the years 1986-1990.

27. Refer to Exhibit E, Schedule 10, of Campbell District's application. Explain why 15 percent water line loss is used to compute the water usage of Crestview customers brought into Campbell District.

28. State the date and amount of Campbell District's maximum daily water demand for each year since 1980.

29. Provide a schedule showing Campbell District's monthly water purchases from 1985 through the present. This schedule shall show gallons purchased, source of purchase, percentage of total purchase from supplier, and supplier's rate.

30. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 6, page 1 of 3. Explain the variance in the level of Account 105 from June 1990 to December 1990.

31. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 9. Explain the increase in the levels of Accounts 331.4 and 333.4 from January 1990 to November 1990.

32. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 12. Describe the source of income reflected in Account 472.

33. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 13A. List each individual expense incurred during 1989 and 1990 for Account 675.1.

34. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 5.

- a. Identify who authorized Account 133.7.
- b. State when Account 133.7 was begun.
- c. State the purpose of Account 133.7.
- d. Explain how Account 133.7 is being funded.

35. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 5. Provide a detailed analysis for expenses incurred during the test year for the following accounts:

- a. Account 604
- b. Account 631

- c. Account 632
- d. Account 633
- e. Account 634
- f. Account 635
- g. Account 675

36. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 5. Describe the account labelled "PTO Pay" - Account 604.

37. Refer to Campbell District's Annual Report to the Commission for 1990, page 11. Identify the source of all non-utility income listed under the entry "Other Income and Deductions."

38. Refer to Campbell District's Response to the Commission's Order of March 4, 1991, Item 17. Provide invoices and working papers showing the payee, amount, hourly rate, and service provided for all expenses listed as Professional Service Expense.

39. Identify the portion of test-year salary expense attributed to overtime.

40. Refer to Campbell District's Response to the Commission's Order of March 4, 1990, Item 17, note 2. Describe the services provided by the "District's special counsel" in return for the monthly fee of \$541.67.

41. Provide invoices and cancelled checks for Campbell District's water purchases from Newport since January 1990.

42. Refer to Exhibit E, Schedule 10, of Campbell District's application. Explain why 1988 data was used to determine Crestview customers' usage.

43. Refer to Exhibit E of Campbell District's application. Explain why "Total Water Sales" and "Total Water Sales Revenues" found in Schedules 7 and 8, respectively, differ from "Gallons Sold" and "Water Revenues" in Schedule 9.

44. Refer to Exhibit E, Schedule 13, note 1, of Campbell District's application. Show the calculations used to obtain the percentage increase of the proposed rates over average rate during 1990.

45. Refer to Exhibit E, Schedule 8, of Campbell District's application. Explain why revenue from part quarter bills was significantly higher for the months of February and July, 1990.

46. Submit a breakdown of the following expenses for each of Campbell District's wholesale customers:

- a. purchased water rate per 1,000 gallons
- b. power and pumping
- c. purification
- d. bond issue expense
- e. transmission
- f. plant and associated expenses

47. State the number of Campbell District's irrigation customers. State the level of revenue produced from sales to irrigation customers.

48. Refer to Exhibit E, Schedule 11, of Campbell District's application. Submit a revised Schedule 11 which contains the

correct rate for minimum bills. Schedule 11 does not accurately state Campbell District's current rate for minimum bills.

49. State whether Campbell District delivers any water through 8-inch or 10-inch meters.

50. State the difference, if any, between interdepartmental sales revenue and miscellaneous water sales revenue.

51. Refer to Exhibits C and E of Campbell District's application. Explain why "Other Water Revenues" (Exhibit C, page 29) and "Non-Utility Income" (Exhibit C, page 11) are excluded from the calculation of total revenue contained in Schedule 4 of Exhibit E.

52. Refer to Exhibit E, Schedule 2, of Campbell District's application. Explain how the \$16,300 adjustment to test-year transmission and distribution expenses was derived. Show all calculations used to project this adjustment.

53. State whether transmission mains and appurtenances included in the proposed construction approved in Case No. 89-029 are under warranty. If these facilities are under warranty, state the terms of this warranty and its length.

54. Refer to Prefiled Testimony of Robert Fogel, Question 7. Explain how the average interest rate of 7.17 percent on the 1991 Series Bonds was determined. State all underlying assumptions used to reach this estimate.

55. Provide the 1991 Series Bond Resolution.

Done at Frankfort, Kentucky, this 9th day of May, 1991.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


For the Commission